

REMARKS

The Office Action mailed March 28, 2008 has been reviewed and the comments therein were carefully considered by the Applicant. Claims 1-62 have been canceled. Claims 63- 78 have been added and remain pending.

Claim Rejections Under §112, §101, §102 and §103

The claim rejections in the Office Action of March 28, 2008 have been considered by the Applicant. In order to expedite prosecution, claims 1-62 have been canceled and replaced with new claims 63-78. The Applicant reserves the right to prosecute claims 1-62 later in this application or in a continuation application.

New Claims

Support for new claims 63-78 is found throughout the original application. Claim 63 is the only independent claim. Among other features, claim 63 includes “(a) determining a conversion-factor-weighted price for each futures contract within a basket of futures contracts” and “(b) identifying the futures contract that is cheapest to deliver into a corresponding physical-delivery futures contract.” When rejecting original claim 7, on page 5 the Office Action referred to column 10, lines 34-51 of Burns et al. The cited section of Burns et al. is reproduced below:

In most cases, the yield used to make this adjustment will be a price-weighted average of the two Fannie Mae coupon prices that straddle par. Using the cheaper TBA price as the settlement price, the Mortgage Futures Contract is cash settled based on a calculation of its final composition. The Mortgage Futures Contract has one monthly settlement day, which is, as mentioned above, two business days prior to BMA Notification Day.

Typically, a major concern in using a cash settlement feature is the accuracy of the data used in defining the settlement price. Fortunately, pricing across dealers has been historically and consistently uniform in the MBS TBA market, making cash settlement a viable option for the Mortgage Futures Contract. Dealers quote closing marks on Class A (including 30-year conventional) MBS for TBA

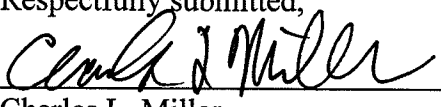
delivery four months forward and with face values equal to or greater than \$5,000,000. Quotes are in points and 1/128th points, with one point worth \$1000.

The section of Burns et al. cited above refers to a Mortgage Futures Contract and contract coupons. A cash flow adjustment factor is applied to the prices at each coupon level. The Applicant respectfully submits that "basket of futures contracts," as claimed, is not anticipated by Mortgage a Futures Contract and contract coupons. Moreover, at least the feature of "(b) identifying the futures contract that is cheapest to deliver into a corresponding physical-delivery futures contract" is entirely missing from Burns et al.

CONCLUSION

Applicant respectfully submits that the pending claims are in condition for allowance. Favorable reconsideration of this application is respectfully requested. The Examiner is invited to contact the undersigned should it be deemed necessary to facilitate prosecution of the application.

Date: July 23, 2008

Respectfully submitted,
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